

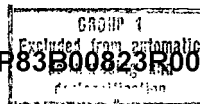
14 December 1970

MEMORANDUM FOR: Chief, E&PD

SUBJECT : Implementation of Management Improvement Program

1. In response to your request for the establishment of Management Effectiveness Goals and Cost Reduction Goals for inclusion in the Office of Security submission under the Management Improvement Program, this Staff has:

- a. Tasked each Branch and Staff member to define existing programs and activities performed on a regular basis;
- b. Determined the basis and/or authority for each such program and activity;
- c. Evaluated the activity or program to determine its priority in relation to other requirements placed upon this Staff;
- d. Determined which activities and programs are of lesser priority and which can be eliminated as a result of current constraints on budget and manpower. This phase was particularly difficult since marginal activity had been removed from the work schedule over a year ago as a result of a sharp increase in high priority requirements. Thus, essential counterintelligence activity of a lower priority, as determined by this review, will most probably be discontinued to allow us to reprogram our efforts into peak demand areas.



- e. Programs and activities which review determined were of such priority as to require continued, ongoing effort, were then reviewed to determine:
- (1) Are they of a nature susceptible to quantitative analysis? We found that several of them were not, although the review demonstrated that certain attitudinal procedures could be encouraged and that certain mode procedures could be adopted.
  - (2) Those programs and activities susceptible to quantitative analysis were then considered on a production-oriented basis. We attempted to establish realistic goals, based on defined alteration or improvement of procedures, which would enable us to benefit from increased productivity in those areas, and thus allow redirection of manpower savings into other approved, high priority task areas.
  - (3) The same programs and activities were also reviewed to determine if a realistic cost reduction goal could be established. This proved to be quite difficult, since most of this Staff's effort is manpower-based, rather than expenditure-based. It was soon realized that any ill-defined cost savings resulting from management improvement are, in practice, preprogrammed into other Staff efforts, i. e. the savings allow us to do more of what we are required to do, rather than appearing as an actual unexpended surplus.

2. It will be noted in this report that we have, of necessity, attempted to provide ad hoc goals for our activities, primarily on a percentage basis, which allows us to "make do" with current limited personnel and resources in the face of rising requirements and input. This, of course, was the direction of our effort long before notification of the establishment of the Management Improvement Program, and we found that much of the desired action to cut marginal efforts, even at the sacrifice of highly important

research of lower priority, had already been accomplished. Having already "cut to the bone," the establishing of goals to cut into the marrow of our effort is both difficult and painful, since we already feel ill at ease about scrapping what we feel are important counterintelligence activities because of higher priority demands.

### 3. MANAGEMENT EFFECTIVENESS GOALS

The following elements of this Staff's activity appear conducive to establishment of Management Effectiveness Goals:

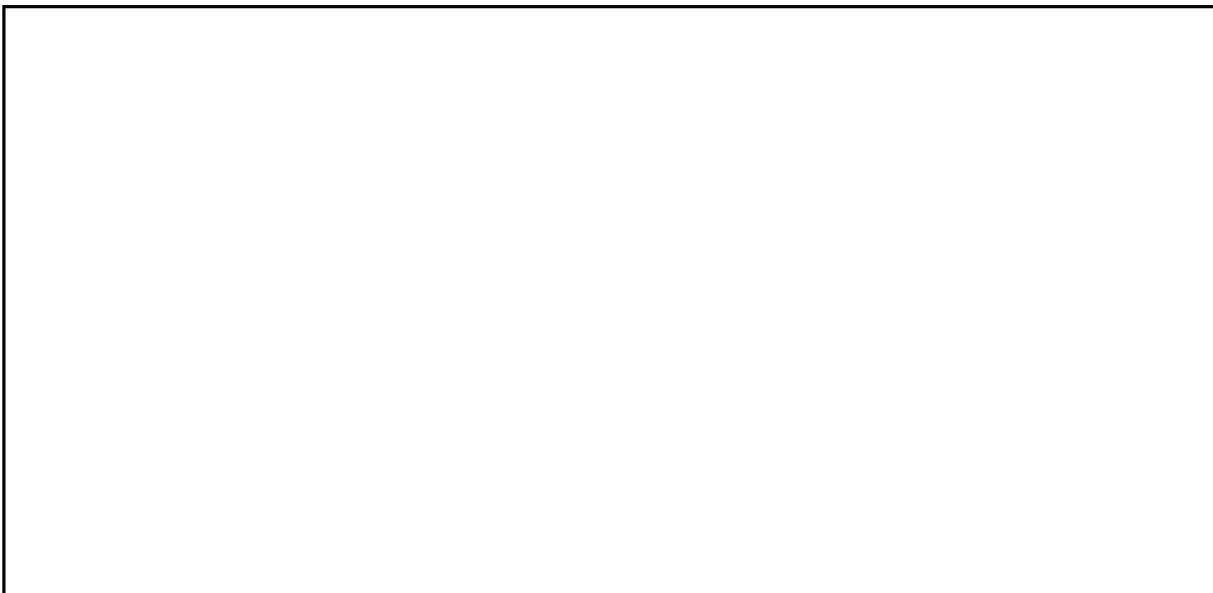
General: This Staff has regularly attempted to increase productivity in an era of increasing requirements in conflict with strict budgetary limitations and tight manpower ceilings. Since a great deal of this Staff's activity is demand research, whether by direction of higher authority or in responsive reaction to a specific counterintelligence threat, we attempt to remain flexible, varying the amount of effort devoted to each situation with the import of the activity and the level of action necessary to meet the situation. In effect, arbitrary decisions are made on a regular basis as to which activities are least essential and most marginal, to assure that the Staff's activities are directed toward those activities deemed most relevant and essential at a given time. This is done by making appropriate adjustments and exercising such available options as are deemed most meaningful.

Despite manpower and budgetary restrictions, this Staff has continually strived to increase research productivity through regular review of special sources productivity, attempting to provide closer contact and direction, acquisition of additional research sources at the least possible additional cost, frequent review of expenditures and commitments to assure a high degree of cost consciousness, and ready reception to innovation. Within the past two years this Staff has utilized automatic data processing facilities for computerized research which normally would require untold man-hours and equal cost if performed in the traditional manner. In one such instance the saving was estimated at some two man-years. In another, of quite recent vintage, the saving amounted to about two man-weeks. Both, it might be noted had the additional factor of speedy determination of the solution required, which far outweighs the significant monetary savings realized. Further exploitation of computerized research is limited only by budgetary consideration such as reimbursable programming costs, etc.

We realized that the ideal situation would be to obtain 100% productivity from each of our research officers. But, research has certain residual problems--boredom, eye strain, fatigue, and other human failings--which probably make the ultimate unattainable. One research branch chief has suggested that his research personnel are working at about 75% efficiency. Another has suggested that his research personnel are utilizing all 40 hours per week, plus occasional voluntary overtime, for work on approved priority objectives. Both are most likely correct, and descriptive of our Staff's work. During the past year, for example, not only have priority research requirements exceeded that originally contemplated, but additional previously unprogrammed functions have been assigned to the Staff which have, of necessity, been performed with no additional manpower, and despite the elimination of one secretarial position under an earlier budgetary cutback. We would hope, through innovation and constant review of priorities, to increase the 75% efficiency factor, if only a few percent, as a means of coexisting with the problem of increased requirements.

Specific: Several specific Staff programs deal with other than routine research and exploitation, and appear feasible for quantitative evaluation and goal setting. They are as follows:

Covert Counter Intelligence Assets Program (CCAP) and Special Resources Activity (SRA)



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All-Source Intelligence Review Activity (AIRA)/Covert and  
Compartmented Source Program (CCSP)

Information received through these efforts has been increasing at a rate of about 20% a year, and we find that other priority work has frequently resulted in less manpower expended to handle these vital programs. With no additional manpower to be available in the projected period, we would hope to achieve the capability of handling the additional 20% a year by applying more stringent review techniques to the input, again at the risk of missing or underevaluating a potential threat to this Agency. We plan to accomplish this goal by (a) adhering to a strict geographical assignment among branch members to assure there is no inadvertent duplication of effort; (b) imposing a preliminary review of all input materials, working only on those which are of sufficient priority at the time of preliminary review and ignoring the remainder. Since priorities at the time of preliminary review will vary, on some occasions we will have time to exploit reasonably large input. However, on other occasions we will run the risk of ignoring important information which is not of sufficient priority at the time for exploitation.

Compartmented Agencies Liaison Activity (CALA)

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These activities have been increasing at a rate of some 10-15% per year since the acquisition of additional liaison responsibilities. Since additional manpower is not available to handle the increased workload, we contemplate taking a drastic step in handling these liaison programs which we hope will allow us to handle the 10-15% increase in requirements. We plan to establish a "home base" liaison effort, i.e. we will attempt to conduct most liaison from Headquarters, utilizing telephonic arrangements and by encouraging more visits of liaison contacts to Headquarters

for transacting business which for security reasons cannot be conducted by telephone or of such complexity it cannot be handled over secure circuits. This will decrease travel and entertainment costs and absence of Branch personnel, including travel time, from Headquarters where they can devote the time savings to more productive work. Such liaison travel cannot be eliminated altogether, since in many cases we are seeking favors and must logically be going to the liaison contact "with hat in hand." We know that to some degree this will prejudice our liaison effort, and much incidental intelligence obtained in visits to liaison contacts will no longer be available to us. Again, however, this appears to be the only course available to us under current constraints.

#### Special Activities (SA)

Since this is a "demand" activity, it is not possible to establish improvement goals. We can, however, attempt to effect some cost savings. Because of limited budget for supplies, which are perishable in nature, we have attempted in recent years to "short-order", running the risk of running out of supplies upon heavy demand. This has worked well, and has greatly decreased the problem of having supplies of questionable efficiency once expiration date is passed. On only two occasions did our "short-order" effort fail, and over-the-counter purchases were made necessary. We would hope to continue this practice as a means of conserving our supply budget, with a projected saving of anywhere from 5% to 10% annually. This savings is, of course, expended in purchase of increased supplies to meet increased demand requirements. We have also attempted to "make do" with existing equipment. One piece, of considerable age, failed, but was repaired commercially and should have a degree of work life remaining. (It should probably be supplanted with another, newer unit costing about \$400.) Another piece of equipment recently failed and is currently being repaired "in house," which will--because the equipment is much newer--probably have a substantial remaining work life.

#### 4. COST REDUCTION GOALS

As noted above, we are attempting to "make do" with what we have, i.e. budget and manpower. Any "savings" realized are redirected into other high priority approved programs and activities.

We are most certainly reducing the all but intangible "work unit" cost to some degree, but, again, the reduction serves only to absorb additional work units required for other tasks. We have reduced our stenographic pool by one secretary, at an annual savings of \$6,766, but work load precludes further cost effectiveness attack in this area. We have attempted computerized research with great success, only to find that the cost of an ADP program which will save thousands of dollars in manpower over the cost of the program, is beyond the ability of our budget. At this point, we can see no dollar saving goals which would be either honest or realistic. Our efforts are not saving dollars, they are giving the Agency more for dollars spent.



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Chief, Security Research Staff

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